[Mr. S. Sundararajan].

the progress of Electrical works, we had to withdraw nearly $\frac{2}{5}$ of our surplus funds. For the next year, in view of the necessity for liquidating our 5 per cent debentures on the 1st Chingom 1117, and the need for making preliminary arrangements for paying it off and for replenishing our cash balances, it may be necessary to withdraw about Rs 20 lakhs. The budget accordingly provides for it.

89. A question may very pertinently be raised whether instead of disposing of our surplus investments for financing our capital schemes a more forward policy of borrowing would not be preferable especially in the light of the high credit which the State commands in the business world. It is undoubtedly a sound financial principle to spread the burden to posterity which will be benefited by it; but the time is not opportune and the need is not urgent to drive us to the market for a loan. While at the subject, let me say a word or two about our debt position.

Debt Position.

90. As I envisage the situation, our debt position at the end of 1116 would stand somewhat as follows :—

(i) Public Loan of Rs 65·64 lakhs including the loan of Rs 14·75 lakhs which will mature for discharge on the day after the year closes and (ii) a special loan of Rs 76·30 lakhs. The amount due on account of Provident Funds, Savings Bank and Life Insurance Funds amounting in all to Rs 286·76 lakhs should also be added; the total debt all told would amount to Rs 428·70 lakhs. This costs by way of interest and sinking fund charges about $\frac{1}{4}$ of a rupee per head. If the accumulation in the sinking fund, the cash balance and loans to industrialists and agriculturists etc., are taken into account the debt burden will be only half and much less than even a year's revenue. It will thus be clear that although there is a certain amout of debt, it is insignificant and is secured by sufficient assets of a nature which could very easily amortize the whole liability at call and that a forward loan policy is not pursued not on account of any intrinsic weakness but merely on account of expediency.

Ways and Means.

91. I shall now proceed to the ways and means budget for the next year. Such a budget gives the effect of the year's transactions on the balance with which the year started. The year's working of the Revenue account will leave us a surplus of Rs 8·67 lakhs taking up into account the funding of an

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amount of Rs 5 lakhs in the Distress Relief Fund. The capital schemes would absorb the entire amount and funds to the extent of Rs 45·85 lakhs should have to be drawn upon from these balances. To this should be added the net result of the operation of the so-called Debt and Deposit head transactions which would yield an addition of Rs ·02 of a lakh. When all these factors are taken into account the net position will leave a closing balance of Rs 66·14 lakhs *i. e.* a balance more or less equal to the balance with which we actually started the current year.

The question of ways and means apart from the provision required for the day to day transactions for which we have ample bank balances has not assumed any importance this year in view of the decision of Government not to raise a loan. The balances at the end of the year will be sufficient for re-paying the 5 per cent. Loan of Rs 14·75 lakhs due on 1st Chingom and to give 1117 a start.

Conclusion.

92. I have now almost finished. I have attempted to give the House as faithful and accurate a picture of the finances of the country as I can. In dealing with budget estimates, Sir M. Visweswarayya in his treatise on "Planned Economy for India" has observed: "A general indication whether or not the finances of a country are satisfactory is usually supplied by a balanced Government budget and maintenance normally of a yearly trade balance in relation to foreign imports and exports." I have shown the House that our Budget is well balanced, that our revenues are not entirely static, that our resources especially in our commercial enterprises have vast financial possibilities, that burden of taxation is light and that it is equitably distributed and that the State, although it is second to none in the preservation and enforcement of law and order, is equally second to none in the interest it evinces in the poor and the distressed, the backward and the helpless. I have also recounted the work the State has been doing in the cause of education and medical relief, in the rural uplift and the development of cottage industries and all other nation building departments. The members are also aware that our export trade in normal times is nearly 10 crores and about 1/3 greater than our import trade and that we have always the balance of trade in our favour and that when normal conditions are restored, with her abundant natural resources brought into commission with the help of cheap power available and backed by the lessons learned during the interim period and with a master mind at its head to guide and control, the growth of trade is undoubted. Elsewhere in the detailed budget will be found a balance

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